

Director's Report

To The Members

Your Directors have pleasure in presenting their 26th Annual Report, together with the Audited Annual Standalone and Consolidated Financial Statements of the Company for the year ended March 31, 2018.

FINANCIAL SUMMARY

The Company's financial performance for the year ended March 31, 2018 along with previous year's figures are summarized below:

(₹ in Millions)

| Particulars | Consolidated | | Standalone | |
|--|------------------------------|-------------------------------|------------------------------|-------------------------------|
| | Year ended March 31, 2018 | Year ended* March 31, 2017 | Year ended March 31, 2018 | Year ended* March 31, 2017 |
| Revenue from Operations (Gross) and Other Income | 35,124.18 | 28,424.92 | 35,057.18 | 28,424.92 |
| Profit before Finance Costs, Depreciation and Amortisation Expenses and Tax Expenses | 3,485.77 | 2,788.97 | 3,476.94 | 2,790.80 |
| Less: Finance Cost | 1,118.69 | 1,244.25 | 1,113.04 | 1,244.25 |
| Less: Depreciation and Amortisation Expenses | 322.30 | 284.04 | 322.30 | 284.04 |
| Profit before Exceptional Items and Tax | 2,044.78 | 1,260.68 | 2,041.60 | 1,262.51 |
| Profit before Tax | 2,044.78 | 1,260.68 | 2,041.60 | 1,262.51 |
| Tax Expenses | | | | |
| Current Tax (*Net of MAT Credit Entitlement) | 5,47.76 | 286.44 | 546.84 | 286.44 |
| -Deferred tax | 49.14 | 37.62 | 49.14 | 37.62 |
| Short/(Excess) Provision-Earlier Years (Standalone * ₹ 3,739) and (Consolidated * ₹ 3,789) | 0.06 | 0.17 | 0.06 | 0.17 |
| Profit for the Year | 1,447.82 | 936.45 | 1,445.56 | 938.28 |
| Add: Balance brought forward from last year's account | 3,573.77 | 2,683.80 | 3,572.12 | 2,680.32 |
| Amount available for Appropriations | 5,021.59 | 3,620.25 | 5,017.68 | 3,618.60 |

* Figures for the year ended March 31, 2017 have been re-grouped / re-arranged as per Ind AS.

Note No. 1:

The Board of Directors of the Company has recommended a dividend of ₹ 1.00/- per Equity share on the Equity shares of face value of ₹ 2/- each. The dividend, if declared at the ensuing Annual General Meeting, will result in cash outflow of ₹ 94.47 Million (including Dividend Distribution Tax ₹ 16.11 Million).

As per the requirements of revised Ind AS 4, the Company is not required to provide for dividend proposed/ declared after the balance sheet date. Consequently, no provision has been made in respect of the aforesaid dividend proposed by the Board of Directors for the year ended March 31, 2018.

REVIEW OF BUSINESS OPERATIONS ON STANDALONE BASIS

During the year, your Company's turnover increased to ₹ 34,964.19 millions as against ₹ 28,324.25 millions in FY 2016-17, showing a strong growth of 23.44%. During the year under review, turnover from Cables stood at ₹ 18,746.61 millions as compared to ₹ 17,409.09 millions in FY 2016-17, showing a growth of 7.68% and Stainless Steel Wire Products contributed a turnover of ₹ 1,167.85 millions as compared to ₹ 1,128.24 millions in FY 2016-17. Winding Wires, Flexible & House Wires contributed a turnover of ₹ 6,023.80 millions as compared to ₹ 4,448.84 millions in FY 2016-17, showing a growth of 35.40% and Income from Turnkey Projects also had a great contribution in the total turnover of the Company showing a growth of 71.72 % i.e. from ₹ 5,050.30 millions in FY 2016-17 to ₹ 8,672.21 millions in FY 2017-18. During the year under review, Profit before Tax stood at ₹ 2,041.60 millions as compared to ₹ 1,262.51 millions in the preceding year and Net Profit stood at ₹ 1,445.56 millions as compared to ₹ 938.28 millions in the preceding year.

SUBSIDIARIES, JOINT VENTURES OR ASSOCIATE COMPANIES

Company has one Subsidiary "KEI Cables Australia Pty Ltd." in Australia. Further, Company has a Joint Venture under the name of "Joint Venture of M/s KEI Industries Ltd., New Delhi & M/s Brugg Kabel AG, Switzerland" (JV). This JV is a jointly controlled entity within the meaning of Ind AS 111 on "Financial Reporting of Interests in Joint Ventures". This JV is in form of an Association of Persons (AOP) and the Company is having 100% share in Profit/Loss in this AOP. No share capital is invested in the Joint Venture by the respective members of JV.

Further, a separate report on the performance and financial position of the Subsidiary and Joint Venture is included in the Consolidated Financial Statements pursuant to Section 129(3) of the Companies Act, 2013 in AOC-1 and is annexed to financial statements in the Annual Report.

CONSOLIDATED FINANCIAL STATEMENTS

The Consolidated Financial Statements have been prepared in accordance with Indian Accounting

Standards (Ind AS) 110 - "Consolidated Financial Statements" and Indian Accounting Standard (Ind AS) 111 - "Financial Reporting of interest in Joint Venture" specified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

RESERVES

During the year, the Board of Directors of your Company has decided not to transfer any amount to the reserves and decided to retain all the profits under surplus account.

DIVIDEND & APPROPRIATIONS

Your Directors are pleased to recommend a dividend of ₹ 1.00/- per Equity share (i.e. @ 50%) on the Equity shares of face value of ₹ 2/- each for the Financial Year ended March 31, 2018, subject to the approval of shareholders at the ensuing Annual General Meeting which would result in cash outflow of ₹ 94.47 Million (refer note no. 1 above). The dividend if approved by the members at the forthcoming Annual General Meeting will be paid to:

- Those Equity shareholders whose names will appear in the register of members on September 19, 2018 and
- In respect of shares held in dematerialized form, to those shareholders whose names will be furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) as beneficial owners on cut-off date i.e. September 12, 2018.

Pursuant to Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors at its meeting held on May 17, 2018 approved the Dividend Distribution Policy of the Company. The Dividend Distribution Policy is also available on the website of the Company at www.kei-ind.com under Investor Relations Section.

MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY WHICH HAVE OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR OF THE COMPANY TO WHICH THE FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT

No material changes and commitments affecting the financial position of the Company occurred between the end of financial year to which this financial statements relates and the date of this Report.

CHANGE IN NATURE OF BUSINESS

During the year under review, there was no change in the nature of business of the Company.

RATING BY EXTERNAL RATING AGENCIES

(A) CORPORATE GOVERNANCE RATING BY CARE:

CARE Rating Limited (CARE) has reaffirmed "**CGR3+**" (Pronounced as CGR three plus) rating assigned to the Corporate Governance practices of the Company.

"The corporate governance rating of KEI Industries Limited (KEI) continues to reflect the overall compliance with statutory and regulatory requirements, satisfactory Board composition and performance monitoring by the management, clearly identifiable ownership pattern with well-defined organization structure, extensive Management Information Systems (MIS) within the Company and prudent disclosures to shareholders.

The rating continues to factor in the scope for improvement in the level of strategy oversight and performance monitoring by the Board."

(B) BANK FACILITIES RATING BY ICRA:

ICRA Limited has upgraded the rating assigned to Long Term Bank Facilities availed by the Company from [ICRA]A- (pronounced ICRA A minus) to **[ICRA]A (pronounced ICRA A)**. Instruments / Facilities with this rating are considered to have adequate degree of safety regarding timely servicing of financial obligations. Such instruments / facilities carry low credit risk.

Further, ICRA Limited has upgraded the rating assigned to Short Term Bank Facilities availed by the Company from [ICRA]A2+ (pronounced ICRA A two plus) to **[ICRA]A1 (pronounced ICRA A One)**. Instruments / Facilities with this rating are considered to have very strong degree of safety regarding timely payment of financial obligations. Such instruments/facilities carry lowest credit risk.

(C) BANK FACILITIES RATING BY CARE#:

CARE Rating Limited (CARE) had assigned '**CARE A-; Positive**' (Pronounced as Single A Minus; Outlook: Positive) rating to the Long Term Bank facilities availed by the Company. Facilities with this rating are considered to have adequate degree of safety regarding timely servicing of financial obligations. Such facilities / instruments carry low credit risk.

CARE Rating Limited (CARE) had assigned '**CARE A2+**' (Pronounced as A Two Plus) rating to the Short Term Bank facilities availed by the Company. Facilities with this rating are considered to have strong degree of safety regarding timely payment of financial obligations. Such facilities / instruments carry low credit risk.

(D) FIXED DEPOSIT RATING BY ICRA AND CARE#:

ICRA Limited has upgraded the rating assigned to Medium Term Instrument i.e. Fixed Deposits Programme of the Company from MA (pronounced M A) to **MA+ (pronounced MA plus)**. MA+ indicate adequate credit quality rating assigned by ICRA. The rated deposits carry average credit risk.

Further, CARE Rating Limited (CARE) had assigned '**CARE A- (FD); Positive**' [Pronounced as Single A Minus (Fixed Deposits); Outlook: Positive] rating to the Medium Term Instruments i.e. Fixed Deposits Scheme of the Company.

Review of rating with CARE is under process.

UNPAID / UNCLAIMED DIVIDEND

Pursuant to Rule 5(8) of Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (including any statutory modification(s), amendment(s) or re-enactment(s) thereof for the time being in force and as may be enacted from time to time) your Company has uploaded on its website www.kei-ind.com under Investor Relations Section as well as on the Ministry's website the information regarding Unpaid / Unclaimed Dividend amount lying with the Company as on July 19, 2017 (date of last Annual General Meeting).

TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND (IEPF)

During the year under review, your Company has transferred ₹ 1,29,824/- unclaimed / unpaid dividend in respect of financial year 2009-10 to the Investor Education and Protection Fund (IEPF) established by the Central Government, pursuant to the provisions of Section 124(5) of the Companies Act, 2013 read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (including any statutory modification(s), amendment(s) or re-enactment(s) thereof for the time being in force and as may be enacted from time to time).

Further, the total amount lying in the Unpaid Dividend Account(s) of the Company in respect of

the last seven years and when such unpaid Dividend is due for transfer to Investor Education Protection Fund is disclosed in a separate section titled Report on Corporate Governance and has been included in this Annual Report.

Further, during the year under review, your Company has transferred 1,69,395 Equity shares into the Demat Account of Investor Education and Protection Fund held with NSDL (DP ID/Client ID IN300708/10656671) and CDSL (DP ID/Client ID 12047200/13676780) pursuant to the provisions of Section 124(6) of the Companies Act, 2013 read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 including any statutory modification(s), amendment(s) or re-enactment(s) thereof for the time being in force and as may be enacted from time to time) i.e., shares on which dividend has not been paid/claimed for seven consecutive years i.e., from FY 2009-10.

Further, the details of shareholders whose dividend and shares are transferred to Investor Education and Protection Fund are updated on the website www.kei-ind.com under Investor Relations Section.

DIRECTORS AND KEY MANAGERIAL PERSONNEL (KMP)

a) Composition

- i) During the year under review, Mr. Sadhu Ram Bansal (holding DIN: 06471984) was appointed as an Additional Director (Non-executive, Independent Director) for a period of 5 (Five) years w.e.f. January 24, 2018 to January 23, 2023 subject to the approval of shareholders at the ensuing AGM.
- ii) As on date, Company has 9 Directors with an Executive Chairman. Of the 9 Directors, 3 are Executive Directors and 6 are Non-Executive Directors including one Woman Director and 5 Independent Directors. The Composition of the Board is in conformity with the provisions of the Companies Act, 2013 and relevant Regulations of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- iii) None of the Director on the Board is a director in more than 10 Public Companies or a member of more than 10 Committees or a Chairman of more than 5 Committees across all listed companies in which he/she is a Director. Necessary disclosures regarding Committee positions in other

Public Limited Companies as on March 31, 2018 have been disclosed by all the Directors of the Company.

- iv) None of the Whole-time Key Managerial Personnel (KMP) of the Company is holding office in any other Company as a Key Managerial Personnel.
 - v) Further, none of the Directors / KMP of the Company is disqualified under any of the provisions of the Companies Act, 2013 and relevant Regulations of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- ### **b) Change in Director(s) and Key Managerial Personnel**
- i) As per Section 152 of the Companies Act, 2013 and other applicable provisions of the Act, Mrs. Archana Gupta (holding DIN: 00006459), Director of the Company, who retires by rotation at the ensuing Annual General Meeting and being eligible offers herself for re-appointment.
 - ii) Further, based on the recommendation of the Nomination and Remuneration Committee and the Board of Directors of the Company in its meeting held on January 24, 2018 has appointed Mr. Sadhu Ram Bansal (holding DIN: 06471984) as an Additional Director (Non-executive, Independent Director) for a period of 5 (Five) years w.e.f. January 24, 2018 to January 23, 2023 subject to approval of shareholders at the ensuing AGM, in accordance with the provisions of Section 149, 152 and 161 of the Companies Act, 2013 read with Schedule IV and Rules made thereunder and other applicable provisions of the Companies Act, 2013, if any.
 - iii) Further, based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors of the Company at their Meeting held on May 17, 2018 has re-appointed Mr. Anil Gupta (holding DIN: 00006422) as Chairman-cum-Managing Director of the Company for a further term of 3 (Three) years w.e.f. July 1, 2018 to June 30, 2021 in accordance with the provisions of Section 196 and 197 of the Companies Act, 2013 read with Schedule V and Rules made thereunder and other applicable provisions of the Companies Act, 2013, if any. His re-appointment requires the approval of the shareholders at the ensuing Annual General Meeting.

The details of Directors being recommended for appointment / re-appointment as required under Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is contained in the accompanying Notice convening ensuing Annual General Meeting of the Company. Appropriate Resolution(s) seeking shareholder's approval are also included in the Notice.

c) Declaration by Independent Directors

All the Independent Directors of the Company have given their declaration for the FY 2017-18 that they continue to meet all the criteria as specified under Section 149(6) & (7) of the Companies Act, 2013 and under Regulation 16(1)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in respect of their position as an "Independent Director" in the Company.

NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS

The Board of Directors of the Company duly met 7 (Seven) times during the financial year from April 1, 2017 to March 31, 2018 on May 10, 2017, May 20, 2017, May 27, 2017, July 19, 2017, August 29, 2017, November 13, 2017 and January 24, 2018.

Further, during the year, a separate meeting of the Independent Directors of the Company was also held on March 23, 2018 to discuss and review the performance of all other Non-Independent Directors, Chairperson of the Company and the Board as a whole and for reviewing and assessing the matters as prescribed under Schedule IV of the Companies Act, 2013 and under Regulation 25(4) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

CHANGE IN CAPITAL STRUCTURE

During the year, Share Allotment Committee of the Board has issued and allotted 5,64,000 Equity shares of face value of ₹ 2/- each to eligible employees under KEI Employees Stock Option Scheme 2015. Accordingly, the paid-up share capital of the Company has increased from 77,797,438 Equity shares of face value of ₹ 2/- each to 78,361,438 Equity shares of face value of ₹ 2/- each.

FORMAL ANNUAL EVALUATION

As the ultimate responsibility for sound governance and prudential management of a Company lies with its Board, it is imperative that the Board remains continually proactive and effective. An important way to achieve this objective is through an annual evaluation of the performance of the Board, its

Committees and all the individual Directors.

The Companies Act, 2013 not only mandates Board and Directors evaluation, but also requires the evaluation to be formal, regularized and transparent. SEBI has also notified Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations 2015') on 2nd September, 2015, whereby it has aligned the present Listing Agreement with the Companies Act, 2013.

In accordance with the provisions of the Companies Act, 2013 and relevant Regulations of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and on the recommendation of the Nomination and Remuneration Committee, the Board of Directors of the Company at its meeting held on May 17, 2018 undertook an annual evaluation of the performance of the Board, its Committees and all the individual Directors.

Directors were evaluated on aspects such as attendance, contribution at Board/Committee meetings and guidance/support to the management outside Board/Committee meetings. The Committees of the Board were assessed on the degree of fulfillment of key responsibilities, adequacy of Committee composition and effectiveness of meetings.

The performance evaluation of the Independent Directors was carried out by the whole Board. The performance evaluation of the Chairman and the Non-Independent Directors was carried out by the Independent Directors who also reviewed the performance of the Board, its Committees and the Directors.

It was further acknowledged that every individual Member and Committee of the Board contribute its best in the overall growth of the organization.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(3)(c) of the Companies Act, 2013 in respect of Directors' Responsibility Statement, the Directors to the best of their knowledge hereby state and confirm that:

- a) in the preparation of the annual accounts, the applicable Accounting Standards had been followed along with proper explanation relating to material departures;
- b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of

the financial year and of the Profit and Loss of the Company for that period.

- c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the Assets of the Company and for preventing and detecting fraud and other irregularities;
- d) the directors had prepared the annual accounts on a going concern basis;
- e) the directors had laid down internal financial controls to be followed by the Company and such internal financial controls are adequate and were operating effectively; and
- f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

NOMINATION AND REMUNERATION POLICY

The Company has framed a Nomination and Remuneration Policy pursuant to Section 178 of the Companies Act, 2013 and Regulation 19(4) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Specified in Part D of the Schedule II).

The detailed Nomination & Remuneration Policy is annexed as **Annexure A** and forms part of this Report and is also available on the website of the Company at www.kei-ind.com under Investor Relations Section.

EXTRACT OF ANNUAL RETURN

Pursuant to Section 134(3)(a) of the Companies Act, 2013, the extract of the Annual Return in Form MGT-9 as per the provisions of Section 92 of the Companies Act, 2013 read with Rule 12 of the Companies (Management and Administration) Rules, 2014 is annexed herewith as **Annexure B** and forms part of this Report and is also available on the website of the Company at www.kei-ind.com under Investor Relations Section.

DEVELOPMENT AND IMPLEMENTATION OF RISK MANAGEMENT POLICY

The Company has well defined Enterprise-wide Risk Management (ERM) framework in place for identifying risks and opportunities that may have a bearing on the organization's objectives, assessing them in terms of likelihood and magnitude of impact and determining a response strategy. The primary objective of ERM function is to implement a framework that augments risk response decisions and reduce surprises. ERM programme involves risk identification, assessment and risk mitigation

planning for strategic, operational, financial and compliance related risks across various levels of the organization.

The Company's internal control systems are commensurate with the nature of its business and the size and complexity of operations. These systems are routinely tested by Statutory as well as Internal Auditors and cover all offices, factories and key business areas. Significant audit observations and follow up actions thereon are reported to the Audit Committee.

FIXED DEPOSITS

As on March 31, 2018 fixed deposit aggregating to ₹ 78.16 millions are outstanding. There are no fixed deposits remaining unpaid or unclaimed as at the end of the year.

LISTING OF SHARES

The shares of the Company are listed at National Stock Exchange of India Limited (NSE), BSE Limited (BSE) and The Calcutta Stock Exchange Limited (CSE). The Company has also paid its up-to-date listing fees to all the stock exchanges.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE

During the year, there was no significant and material order passed by any Regulator(s) or Court(s) or Tribunal(s) impacting the going concern status and future operations of the Company.

ADEQUACY OF INTERNAL FINANCIAL CONTROL

In the opinion of the Board, your Company has in place an adequate system of internal control commensurate with its size and nature of business. This system provides a reasonable assurance in respect of providing financial and operational information, complying with applicable statutes, safeguarding of assets of the Company and ensuring compliance with corporate policies. The Board has appointed M/s Jagdish Chand & Co., Chartered Accountants as Internal Auditors of the Company for the financial year 2018-19 and its audit reports are submitted directly to the Audit Committee of Board which reviews and approves performance of internal audit function and ensures the necessary checks and balances that may need to be built into the control system.

HUMAN RESOURCES

Company's industrial relations continued to be harmonious during the period under review.

CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

During the financial year, the Company has not entered into any materially significant related party contracts/ arrangements or transactions with the Company's promoters, Directors, Management or their relatives, which could have had a potential conflict with the interests of the Company. All the contracts/arrangements or transactions entered into by the Company with Related party(ies) are in conformity with the provisions of the Companies Act, 2013 and on an arm's length basis and do not attract the provisions of Section 188 of the Companies Act, 2013 and Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Accordingly, the disclosure of Related Party Transactions as required under Section 134(3)(h) of the Companies Act, 2013 in Form AOC-2 is not applicable. The Company presents a statement of all related party contracts / arrangements or transactions entered into by the Company before the Audit Committee for its consideration and review on quarterly basis.

Further, the Policy on materiality of Related Party Transactions as formed and approved by the Audit Committee and the Board of Directors as per Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is available on the website of the Company at www.kei-ind.com under Investor Relations Section.

POLICY ON MATERIAL SUBSIDIARY

The Company has framed a Policy on Material Subsidiary under Regulations 16(1)(c) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 which is available on the website of the Company at www.kei-ind.com under Investor Relations Section.

AUDIT COMMITTEE

Pursuant to the provisions of Section 177 of the Companies Act, 2013 read with Rule 6 of the Companies (Meetings of the Board and its Powers) Rules, 2014 and Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the composition of the Audit Committee is as under:

| Sl. No. | Name of the Director | Category | Profession |
|---------|-------------------------|---------------------------------|----------------------|
| 1. | Mr. Pawan Bholusaria | Independent Director (Chairman) | Chartered Accountant |
| 2. | Mr. Kishan Gopal Somani | Independent Director (Member) | Chartered Accountant |
| 3. | Mr. Vikram Bhartia | Independent Director (Member) | Business |

Mr. Kishore Kunal, Company Secretary & Compliance Officer of the Company acts as Secretary to the Committee.

Further, the Board has not denied any recommendation of Audit Committee during the Financial Year.

VIGIL MECHANISM / WHISTLE BLOWER POLICY

In terms of the provisions of Section 177(9) & (10) of the Companies Act, 2013 read with Rule 7 of the Companies (Meetings of the Board and its Powers) Rules, 2014 and Regulation 22 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has established a Vigil Mechanism/ Whistle Blower Mechanism and oversees through the Audit Committee, the genuine concerns expressed by the Employees and Directors of the Company. The Company has also provided adequate safeguards against victimization of Employees and Directors who express their concerns. The Company has also provided direct access to the chairman of the Audit Committee on reporting issues concerning the interests of co-employees and the Company. During the year under review, no personnel has been denied access to the Audit Committee.

Further, the Vigil Mechanism/ Whistle Blower Policy have been uploaded on the website of the Company at www.kei-ind.com under Investor Relations Section.

SHARES

a. BUY BACK OF SECURITIES

During the year under review, the Company has not bought back any of its securities.

b. SWEAT EQUITY

During the year under review, the Company has not issued any Sweat Equity Shares.

c. BONUS SHARES

During the year under review, no Bonus Shares were issued by the Company.

d. EMPLOYEES STOCK OPTION PLAN

During the year, Share Allotment Committee of the Board has allotted 5,64,000 Equity Shares of face value ₹ 2/- each to eligible employees of the Company at an exercise price of ₹ 35/- per share pursuant to KEI Employee Stock Option Scheme, 2015.

AUDITORS

a) Statutory Auditors:

M/s. PAWAN SHUBHAM & CO., Chartered Accountants (Firm Registration Number 011573C) were appointed as Statutory Auditors of the Company at the Annual General Meeting (AGM) held on July 19, 2017 for a term of five consecutive years i.e., from the conclusion of 25th AGM till the conclusion of 30th AGM of the Company to be held in the year 2022 subject to ratification of their appointment at every AGM pursuant to Section 139 of the Companies Act, 2013.

M/s. PAWAN SHUBHAM & CO., Chartered Accountants (Firm Registration number 011573C) are recommended for re-appointment based on consent and certificate furnished by them in terms of provisions of Section 141 of the Companies Act, 2013 and Rule 4 of the Companies (Audit and Auditors) Rules, 2014 and other applicable provisions of the Companies Act, 2013 (including any statutory modification(s), amendment(s) or re-enactment(s) thereof for the time being in force and as may be enacted from time to time).

The ratification of re-appointment of Statutory Auditors at AGM, pursuant to Section 139 of Companies Amendment Act, 2017 vide Notification No. S.O.188 (E) dated May 07, 2018 issued by Ministry of Corporate Affairs, is not required. Accordingly, the item has not been included in the Ordinary Business of the AGM Notice.

Statutory Auditor's Report

The observations / comments of Statutory Auditors in their Auditor's Report are self explanatory and therefore do not call for any further clarification / comment.

b) Cost Auditor:

Your Board of Directors has re-appointed M/s. S. Chander & Associates, Cost Accountants (Membership No.: 9455) as Cost Auditor of the Company to conduct audit of Cost Records maintained by the Company for the Financial Year 2018-19 in accordance with Section 148 and the Companies (Cost Records and Audit) Rules, 2014 after obtaining his consent and certificate under Section 139, 141 and 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 where they have confirmed their consent and eligibility to act as Cost Auditors of the Company.

Your Company has maintained cost records and account as specified by the Central Government

under sub-section (1) of Section 148 of the Company Act, 2013.

Further, the Cost Audit Report for the FY 2016-17 was filed on September 26, 2017.

c) Secretarial Auditors

The Board of Directors has appointed S.K. Batra & Associates, Practicing Company Secretary (Membership No. FCS-7714 & CP No. 8072), as Secretarial Auditors of the Company pursuant to the provisions of Section 204 of the Companies Act, 2013 read with corresponding Rules made thereunder for conducting Secretarial Audit of the Company for the financial year 2018-19.

Secretarial Audit Report

The Secretarial Audit Report for the FY 2017-18 as submitted by Secretarial Auditors in Form MR-3 is annexed to this Report as **Annexure - C** and form part of this report.

There are no qualifications, reservations or adverse remarks made by Secretarial Auditors in their Report.

CORPORATE SOCIAL RESPONSIBILITY

The Company has framed a Policy on Corporate Social Responsibility pursuant to Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014 which is available on the website of the Company at www.kei-ind.com under Investor Relations Section.

The Annual Report on Company's CSR activities of the Company as per the Companies (Corporate Social Responsibility Policy) Rules, 2014 is annexed as **Annexure-D** and forms part of this report.

LOAN(S), GUARANTEE(S) OR INVESTMENT(S)

During the year, your Company has duly complied with the provisions of Section 186 of the Companies Act, 2013 and no loan was granted by the Company under Section 186 of the Companies Act, 2013. The particulars of Corporate Guarantees provided and Investment made by the Company during the year are as follows:

| Sl. No. | Particulars of Corporate Guarantees and Investment made u/s 186 of the Companies Act, 2013 | Amount (₹ in Millions) |
|--------------|---|------------------------|
| 1. | Loan of AUD 20000 given to Subsidiary namely "KEI Cables Australia Pty Ltd". | 0.95 |
| 2. | Investment of AUD 80 in Share Capital of Subsidiary namely "KEI Cables Australia Pty Ltd". | 0.00* |
| 3. | First Loss Default Guarantee in favour of Yes Bank Limited against Channel Financing Facility provided to the Dealers of the Company. | 250.00 |
| Total | | 250.95 |

* ₹ 3,988

PREVENTION OF SEXUAL HARASSMENT

Your Company has always believed in providing a safe and harassment free workplace for every individual working in the Company. Your Company always endeavors to create and provide an environment that is free from discrimination and harassment including sexual harassment.

In accordance with "The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013" and in order to provide for the effective enforcement of the basic human right of gender equality and guarantee against sexual harassment and abuse, more particularly against sexual harassment at work places, your Company has constituted an Internal Complaint Committee and adopted a policy on Prevention of Sexual Harassment at Workplace. The policy aims to provide the effective enforcement of basic human right of gender equality and guarantee against sexual harassment and abuse.

During the year, there was no complaint lodged with the Internal Complaint Committee, formed under "The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013".

REMUNERATION OF THE DIRECTORS / KEY MANAGERIAL PERSONNEL (KMP) / EMPLOYEES:

The information required under Section 197 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is annexed as **Annexure E** and forms part of this Report.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The information pertaining to conservation of energy, technology absorption, Foreign Exchange Earnings and Outgo as required under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 is annexed as **Annexure F** and forms part of this Report.

CORPORATE GOVERNANCE

Your Directors are pleased to report that your Company strives to ensure that best corporate governance practices are identified, adopted and consistently followed. Your Company believes that good governance is the basis for sustainable growth of the business and for enhancement of stakeholder's value.

Pursuant to Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a separate Section titled Report on Corporate Governance has been included in this Annual Report and the certificate of M/s Pawan Shubham & Co., Chartered Accountants, the statutory auditors of the Company certifying compliance with the conditions of corporate governance as stipulated under relevant Regulations of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is obtained and annexed with the report on Corporate Governance.

MANAGEMENT'S DISCUSSION AND ANALYSIS REPORT

Management's Discussion and Analysis Report for the year under review, as stipulated under Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is presented in a separate section and forms part of this Annual Report.

BUSINESS RESPONSIBILITY REPORT

In terms of Regulation 34(2)(f) of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, information on the initiatives taken by the Company from an environmental, social and governance perspective is provided in the Business Responsibility Report which forms part of this Annual Report.

APPRECIATIONS

Your Directors place on record their sincere appreciation for significant contribution made by employees of the Company at each level, through their dedication, hard work and commitment.

The Board places on record its appreciation for the continued co-operation and support extended to the Company by various Banks, Stock Exchanges, NSDL and CDSL. The Board wishes to express its grateful appreciation for the assistance and co-operation received from Vendors, Customers Consultants, Banks, Financial Institutions, Central and State Government bodies, Dealers, and other Business Associates. The Board deeply acknowledges the trust and confidence placed by the consumers of the Company and, above all, the shareholders.

**FOR AND ON BEHALF OF THE BOARD
(ANIL GUPTA)**

**Chairman-cum-Managing Director
DIN: 00006422**

**Date: August 09, 2018
Place: New Delhi**